

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

CALIFORNIA CODE OF REGULATIONS TITLE 16. Professional and Vocational Regulations DIVISION 1. Board of Accountancy Regulations

ARTICLE 11. ACCOUNTANCY CORPORATIONS (Sections 75.4 - 75.11)

Section 75.4 Office for Filing.

All applications for a Certificate of Registration and any other documents or reports required by these rules or by law to be filed with the board shall be filed with the principal office of the board in Sacramento.

Section 75.5. Application; Review of Refusal to Approve.

(a) An applicant corporation shall file with the board an application for Certificate of Registration on a form furnished by the board, which shall be signed and verified by an officer of the corporation who is a licensed person and be accompanied by a fee established pursuant to Rule 70.

(b) A Certificate of Registration shall be issued if the board finds that the applicant corporation has complied with Sections 13401 to 13409, inclusive, of the Corporations Code, Sections 5151 to 5155, inclusive, of the Business and Professions Code, and Sections 75.7 to 75.10, inclusive, of these Rules.

(c) The board may delegate to its executive officer, or other official or employee of the board, its authority under Section 5151 of the Business and Professions Code, to review and approve applications for registration and to issue Certificates of Registration.

NOTE: Authority cited: Sections 5010 and 5157, Business and Professions Code. Reference: Sections 5151, 5152, 5153, 5154 and 5155, Business and Professions Code.

HISTORY:

1. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).

Section 75.8. Security for Claims Against an Accountancy Corporation.

(a) An accountancy corporation shall provide and maintain adequate security for claims against it by its clients arising out of the rendering of or failure to render professional services. Security for such claims shall consist of either of the following:

(1) Insurance for each claim in an amount equal to at least \$100,000 per licensee, provided that the maximum amount for each claim shall not be required to exceed \$1,000,000, and that the minimum amount guaranteed for all claims during any one calendar year shall be at

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(1) Insurance for each claim in an amount equal to at least \$100,000 per licensee, provided that the maximum amount for each claim shall not be required to exceed \$1,000,000, and that the minimum amount guaranteed for all claims during any one calendar year shall be at least an amount equal to \$250,000 per licensee, provided that the maximum amount shall not be required to exceed \$3,000,000; or

(2) A written agreement of the shareholders that they shall jointly and severally guarantee payment by the corporation of liabilities to its clients arising out of the rendering of or failure to render professional services.

(b) In the event of failure to comply with the requirements of this section, each and every shareholder of the corporation shall be deemed to have agreed to be jointly and severally liable for claims against the corporation by its clients arising out of the rendering of, or failure to render, professional services.

NOTE: Authority cited: Sections 5010 and 5157, Business and Professions Code.
Reference: Section 5157, Business and Professions Code.

HISTORY:

1. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).
2. Amendment filed 3-1-94; operative 3-31-94 (Register 94, No.9).

Section 75.9. Shares: Ownership and Transfer.

(a) Except as provided in subsection (b), the restrictions prescribed by Sections 13406 and 13407 of the Corporations Code shall be clearly set forth on each share certificate and in corporate by-laws, or the corporate by-laws and the share certificates of an accountancy corporation shall contain an appropriate passage or legend referring to the restrictions set forth in Sections 13406 and 13407 of the Corporations Code.

(b) For an accountancy corporation which has nonlicensee owners, the conditions and restrictions on nonlicensee ownership specified in Section 5079 of the Accountancy Act shall be clearly set forth on each share certificate issued to a nonlicensee and in the corporate by-laws of the accountancy corporation.

NOTE: Authority cited: Sections 5010 and 5157, Business and Professions Code. Reference: Sections 5151 and 5154, Business and Professions Code; and Sections 13403, 13406, 13407, 13408 and 13410, Corporations Code.

HISTORY:

1. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).
2. Amendment of section and Note filed 7-22-99; operative 8-21-99 (Register 99, No. 30).

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Section 75.11. Certificate of Registration; Continuing Validity; Notification of Name and Address Changes.

(a) A Certificate of Registration shall continue in effect until it is cancelled, suspended, or revoked. Such certificate may be cancelled for failure to renew as stated in Business and Professions Code Section 5070.7. Such certificate may be suspended or revoked for any of the grounds outlined in Section 13408 of the Corporations Code.

(b) Each accountancy corporation shall report to the board any and all changes of address, corporate name and shareholders within 30 days of any such change, giving both its old and its new address or names.

NOTE: Authority cited: Sections 5010 and 5157, Business and Professions Code. Reference: Sections 5070.7, 5152 and 5152.1, Business and Professions Code; and Section 13408, Corporations Code.

HISTORY:

1. Amendment of subsection (b) filed 1-2-73; effective thirtieth day thereafter (Register 73, No. 1).
2. Amendment filed 8-17-77; effective thirtieth day thereafter (Register 77, No. 34).
3. Amendment filed 4-12-83; effective thirtieth day thereafter (Register 83, No. 16).
4. Amendment of subsection (a) and amendment of Note filed 7-22-99; operative 8-21-99 (Register 99, No. 30).